

Twitter Thread by Yash Agarwal

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Soon startups like Zerodha, Groww & PhonePe will soon launch their own Mutual Funds!

Why is every Investment App trying to become a Mutual fund company?■

Let's understand■

A Thread■

FinTechs like Zerodha and Groww have already disrupted the stockbroking & mutual funds distribution space and have become the largest player in their industry, they own the distribution.

What's next?

They want to make their own Mutual Funds & control the manufacturing as well.

Why now?

In Dec 2020, SEBI made it easy to apply for a Mutual Fund license. Earlier, they needed to be profitable for the 3 out of the previous 5 years including the most recent one - and no startups were profitable. But now, they just needed to show a net worth of Rs. 100 Cr.

This is also the perfect time to enter the Mutual Fund market. India is still way under-penetrated with a lot of first-time investors coming. And as per Nithin Kamath, Mutual funds will be one of the key products to push more people into investing.

Who all are in the race?

Largest stockbroker (Zerodha), Largest mutual fund distributor (Groww), one of the biggest NBFC (Bajaj Finserv), several star investors like Deepak Shenoy, Rakesh Jhunjhunwala are strong in the race, apart from FinTechs like Paytm Money, PhonePe & Niyo.